

HOUSE BILL NO. 23

INTRODUCED BY R. ERICKSON

BY REQUEST OF THE REVENUE AND TAXATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS IN WHICH TAXABLE VALUE OF A LOCAL GOVERNMENT UNIT IS USED FOR ESTABLISHING DEBT LIMITS AND FOR OTHER PURPOSES; SUBSTITUTING ASSESSED VALUE FOR TAXABLE VALUE FOR THE ISSUANCE OF BONDS BY A POLITICAL SUBDIVISION FOR SELF-INSURANCE; SUBSTITUTING ASSESSED VALUE FOR TAXABLE VALUE FOR ESTABLISHING DEBT LIMITS FOR LOCAL GOVERNMENT UNITS; GENERALLY EXPANDING DEBT LIMITATIONS OF LOCAL GOVERNMENT UNITS; SUBSTITUTING ASSESSED VALUE FOR TAXABLE VALUE FOR THE PURPOSES OF SETTING A TAX LEVY FOR FIREFIGHTERS' DISABILITY AND PENSION FUNDS; SUBSTITUTING ASSESSED VALUE FOR TAXABLE VALUE FOR THE ISSUANCE OF BONDS FOR WORKERS' COMPENSATION INSURANCE; AMENDING SECTIONS 2-9-211, 7-3-1321, 7-6-2211, 7-6-4121, 7-7-107, 7-7-108, 7-7-2101, 7-7-2203, 7-7-2301, 7-7-4201, 7-7-4202, 7-13-237, 7-13-309, 7-13-4103, 7-14-236, 7-14-2524, 7-14-2525, 7-14-4402, 7-16-2327, 7-16-2433, 7-16-4104, 7-31-106, 7-31-107, 7-33-2109, 7-33-2404, 7-34-2131, 15-23-703, 15-36-324, 19-18-503, 19-18-504, 39-71-403, AND 85-9-406, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-9-211, MCA, is amended to read:

"2-9-211. Political subdivision insurance. (1) All political subdivisions of the state may procure insurance separately or jointly with other subdivisions and may elect to use a deductible or self-insurance plan, wholly or in part. Political subdivisions that elect to procure insurance jointly (pooled fund) under this section may obtain excess coverage from a surplus lines insurer without proceeding under the provisions of 33-2-302(2) through (4). Political subdivisions that are not in a pooled fund may obtain excess coverage from a surplus lines insurer without proceeding under the provisions of 33-2-302(2) through (4) only if the insurer carries an A rating or better by a nationally recognized rating company or is a Lloyds of London underwriter.

(2) A political subdivision that elects to establish a deductible plan may establish a deductible reserve separately or jointly with other subdivisions.

(3) A political subdivision that elects to establish a self-insurance plan may accumulate a self-insurance reserve fund, separately or jointly with other subdivisions, sufficient to provide self-insurance for all liability coverages that, in its discretion, the political subdivision considers should be self-insured. Payments into the reserve fund must be made from local legislative appropriations for that purpose or from the proceeds of bonds or notes authorized by subsection (5). Proceeds of the fund may be used only to pay claims under parts 1 through 3 of this chapter and for actual and necessary expenses required for the efficient administration of the fund.

(4) Money in reserve funds established under this section not needed to meet expected expenditures must be invested, and all proceeds of the investment must be credited to the fund.

(5) A political subdivision may issue and sell its bonds or notes for purposes of funding a self-insurance or deductible reserve fund and costs incident to the reserve fund in an amount not exceeding ~~3%~~ 0.18% of the ~~taxable~~ total assessed value of taxable property, determined as provided in 15-8-111, within the political subdivision as of the date of issuance. The bonds or notes must be authorized by resolution of the governing body, are payable from the taxes authorized by 2-9-212, may be sold at public or private sale, do not constitute debt within the meaning of any statutory debt limitation, and may contain other terms and provisions as the governing body determines. Two or more political subdivisions may agree pursuant to an interlocal agreement to exercise their respective borrowing powers under this section jointly and may authorize a joint board created pursuant to the agreement to exercise powers on their behalf."

Section 2. Section 7-3-1321, MCA, is amended to read:

"7-3-1321. Authorization to incur indebtedness -- limitation. (1) The consolidated municipality may borrow money or issue bonds for any municipal purpose to the extent and in the manner provided by the constitution and laws of Montana for the borrowing of money or issuing of bonds by counties and cities and towns.

(2) The municipality may not become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate ~~exceeding 28%~~ that exceeds 1.51% of the ~~taxable~~ total assessed value of ~~the~~ taxable property, determined as provided in 15-8-111, therein within the

1 municipality, as ascertained by the last assessment for state and county taxes prior to incurring ~~such~~
2 indebtedness. All warrants, bonds, or obligations in excess of ~~such the~~ amount given by or on behalf of
3 the municipality ~~shall be~~ are void."

4

5 **Section 3.** Section 7-6-2211, MCA, is amended to read:

6 **"7-6-2211. Authorization to conduct county business on a cash basis.** (1) If the total indebtedness
7 of a county, lawful when incurred, exceeds the limit of ~~23%~~ established in 7-7-2101 by reason of great
8 diminution of ~~taxable~~ assessed value, the county may conduct its business affairs on a cash basis and pay
9 the reasonable and necessary current expenses of the county out of the cash in the county treasury
10 derived from its current revenue and under the restrictions and regulations that may be imposed by the
11 board of county commissioners of the county by a resolution ~~only~~ adopted and included in the minutes of
12 the board.

13 (2) This section does not restrict the right of the board to make the necessary tax levies for
14 interest and sinking fund purposes, and this section does not affect the right of ~~any a~~ creditor of the
15 county to pursue any remedy now given by law to obtain payment of a claim.

16 (3) Subsection (1) does not apply to a county that has adopted the alternative accounting method
17 provided for in Title 7, chapter 6, part 6."

18

19 **Section 4.** Section 7-6-4121, MCA, is amended to read:

20 **"7-6-4121. Authorization to conduct municipal business on a cash basis.** (1) If the total
21 indebtedness of a city or town has reached ~~17%~~ 0.92% of the total ~~taxable~~ assessed value of ~~the taxable~~
22 property, determined as provided in 15-8-111, ~~of within~~ the city or town ~~subject to taxation~~, as
23 ascertained by the last assessment for state and county taxes, the city or town may conduct its affairs
24 and business on a cash basis as provided by subsection (2).

25 (2) (a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable
26 and necessary current expenses of the city or town may be paid out of the cash in the city or town
27 treasury and derived from its current revenue, under any restrictions and regulations as the city or town
28 governing body may by ordinance prescribe.

29 (b) In the event that payment is made in advance, the city or town may require a cash deposit as
30 collateral security and indemnity, equal in amount to the payment, and may hold the deposit as a special

1 deposit with the city treasurer or town clerk, in package form, as a pledge for the fulfillment and
2 performance of the contract or obligation for which the advance is made.

3 (c) Before the payment of the current expenses described in subsection (2)(a), the city or town
4 council shall first set apart sufficient money to pay the interest upon its legal, valid, and outstanding
5 bonded indebtedness and any sinking funds provided for and is authorized to pay all valid claims against
6 funds raised by tax especially authorized by law for the purpose of paying the claims.

7 (3) This section does not apply to a city or town that has adopted the alternative accounting
8 method provided for in Title 7, chapter 6, part 6."

9

10 **Section 5.** Section 7-7-107, MCA, is amended to read:

11 **"7-7-107. Limitation on amount of bonds for city-county consolidated units.** (1) Except as
12 provided in 7-7-108, a city-county consolidated local government may not issue bonds for any purpose
13 in an amount that, with all outstanding indebtedness, exceeds:

14 ~~—— (a) (i) 39% 2.5% of the taxable total assessed value of the taxable property, determined as~~
15 ~~provided in 15-8-111, of within the local consolidated government subject to taxation, as ascertained by~~
16 ~~the last assessment for state and county taxes; plus~~

17 ~~—— (ii) an additional 50% of the taxable value of telecommunications property under 15-6-141 within~~
18 ~~the local government for tax year 1999, multiplied by 39%, and an additional 50% of the taxable value~~
19 ~~attributable to electrical generation property under 15-6-141 within the local government for tax year~~
20 ~~1999, multiplied by 39%; plus~~

21 ~~—— (b) for bonds to be issued during fiscal year 2001, an additional 25% of the taxable value of class~~
22 ~~six property within the local government for tax year 1999, multiplied by 39%, and an additional 60% of~~
23 ~~the taxable value of class eight property within the local government for tax year 1999, multiplied by 39%;~~

24 ~~—— (c) for bonds to be issued during fiscal year 2002, an additional 50% of the taxable value of class~~
25 ~~six property within the local government for tax year 1999, multiplied by 39%, and an additional 60% of~~
26 ~~the taxable value of class eight property within the local government for tax year 1999, multiplied by 39%;~~

27 ~~—— (d) for bonds to be issued during fiscal year 2003, an additional 75% of the taxable value of class~~
28 ~~six property within the local government for tax year 1999, multiplied by 39%, and an additional 60% of~~
29 ~~the taxable value of class eight property within the local government for tax year 1999, multiplied by 39%;~~

30 ~~—— (e) for bonds to be issued during fiscal years in which the tax rate for class eight property is 2%;~~

~~an additional 100% of the taxable value of class six property within the local government for tax year 1999, in each case of class six property, multiplied by 39%, and an additional 77% of the taxable value of class eight property within the local government for tax year 1999, multiplied by 39%;~~

~~—— (f) for bonds to be issued during fiscal years in which the tax rate for class eight property is 1%, an additional 94% of the taxable value of former class eight property within the local government for tax year 1999, in each case of former class eight property, multiplied by 39%; and~~

~~—— (g) for bonds to be issued during the fiscal year and succeeding fiscal years in which 15-6-138 is repealed, an additional 100% of the taxable value of class eight property within the local government for tax year 1999, in each case of former class eight property, multiplied by 39%.~~

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 6. Section 7-7-108, MCA, is amended to read:

"7-7-108. Authorization for additional indebtedness for water or sewer systems. (1) For the purpose of constructing a sewer system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government that owns and controls the water supply and water system and devotes the revenue from the supply and system to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional indebtedness that may be incurred by borrowing money or issuing bonds for the construction of a sewer system or for the procurement of a water supply or for both purposes may not in the aggregate exceed 10% of over and above the debt limitation, ~~as adjusted,~~ referred to in 7-7-107 ~~of the taxable value of the property of the consolidated government subject to taxation as ascertained by the last assessment for state and county taxes."~~

Section 7. Section 7-7-2101, MCA, is amended to read:

"7-7-2101. Limitation on amount of county indebtedness. (1) A county may not ~~become indebted in any manner or~~ issue bonds or incur other indebtedness for any purpose in an amount, including existing indebtedness, that in the aggregate exceeding 23% exceeds 1.4% of the total of the taxable assessed value of the taxable property, determined as provided in 15-8-111, in within the county, ~~subject to~~

1 ~~taxation as ascertained by the last assessment for state and county taxes, plus:~~
2 ~~—— (a) (i) the value provided by the department of revenue in 15-36-324(13), as ascertained by the~~
3 ~~last assessment for state and county taxes previous to the incurring of the indebtedness;~~
4 ~~—— (ii) an additional 50% of the taxable value of telecommunications property under 15-6-141 within~~
5 ~~the county for tax year 1999, multiplied by 23%, and an additional 50% of the taxable value attributable~~
6 ~~to electrical generation property under 15-6-141 within the county for tax year 1999, multiplied by 23%;~~
7 ~~—— (b) for indebtedness to be incurred during fiscal years 1999 through 2008, an additional 33% of~~
8 ~~the taxable value of class eight property within the county for tax year 1995, multiplied by 23%;~~
9 ~~—— (c) for indebtedness to be incurred during fiscal year 2001, an additional 25% of the taxable value~~
10 ~~of class six property within the county for tax year 1999, multiplied by 23%, and an additional 60% of~~
11 ~~the taxable value of class eight property within the county for tax year 1999, multiplied by 23%;~~
12 ~~—— (d) for indebtedness to be incurred during fiscal year 2002, an additional 50% of the taxable value~~
13 ~~of class six property within the county for tax year 1999, multiplied by 23%, and an additional 60% of~~
14 ~~the taxable value of class eight property within the county for tax year 1999, multiplied by 23%;~~
15 ~~—— (e) for indebtedness to be incurred during fiscal year 2003, an additional 75% of the taxable value~~
16 ~~of class six property within the county for tax year 1999, multiplied by 23%, and an additional 60% of~~
17 ~~the taxable value of class eight property within the county for tax year 1999, multiplied by 23%;~~
18 ~~—— (f) for indebtedness to be incurred during fiscal years in which the tax rate for class eight property~~
19 ~~is 2%, an additional 100% of the taxable value of class six property within the county for tax year 1999,~~
20 ~~in each case of class six property, multiplied by 23%, and an additional 77% of the taxable value of class~~
21 ~~eight property within the county for tax year 1999, multiplied by 23%;~~
22 ~~—— (g) for indebtedness to be incurred during fiscal years in which the tax rate for class eight property~~
23 ~~is 1%, an additional 94% of the taxable value of former class eight property within the county for tax year~~
24 ~~1999, in each case of former class eight property, multiplied by 23%; and~~
25 ~~—— (h) for indebtedness to be incurred during the fiscal year and succeeding fiscal years in which~~
26 ~~15-6-138 is repealed, an additional 100% of the taxable value of former class eight property within the~~
27 ~~county for tax year 1999, in each case of former class eight property, multiplied by 23%.~~
28 (2) A Except as provided in 7-7-2402, 7-21-3413, and 7-21-3414, a county may not incur
29 indebtedness or liability for any single purpose to an amount exceeding \$500,000 without the approval
30 of a majority of the electors of the county voting at an election to be as provided by law, except as

1 provided in ~~7-7-2402, 7-21-3413, and 7-21-3414.~~

2 (3) This section does not apply to the acquisition of conservation easements as set forth in Title
3 76, chapter 6."

4

5 **Section 8.** Section 7-7-2203, MCA, is amended to read:

6 **"7-7-2203. Limitation on amount of bonded indebtedness.** (1) Except as provided in ~~subsections~~
7 ~~subsection (2) and (3),~~ a county may not issue general obligation bonds for any purpose in an amount that,
8 with all outstanding bonds and warrants except emergency bonds, ~~will exceed~~ exceeds the debt limitation
9 referred to in 7-7-2101 ~~11.25% of the total of the taxable value of the property in the county plus:~~

10 ~~—— (a) (i) the value provided by the department of revenue under 15-36-324(13), to be ascertained~~
11 ~~by the last assessment for state and county taxes prior to the proposed issuance of bonds;~~

12 ~~—— (ii) for general obligation bonds to be issued during fiscal years 1999 through 2008, an additional~~
13 ~~33% of the taxable value of class eight property within the county for tax year 1995, multiplied by~~
14 ~~11.25%; and~~

15 ~~—— (iii) an additional 50% of the taxable value of telecommunications property under 15-6-141 within~~
16 ~~the county for tax year 1999, multiplied by 11.25%, and an additional 50% of the taxable value~~
17 ~~attributable to electrical generation property under 15-6-141 within the county for tax year 1999,~~
18 ~~multiplied by 11.25%;~~

19 ~~—— (b) for general obligation bonds to be issued during fiscal year 2001, an additional 25% of the~~
20 ~~taxable value of class six property within the county for tax year 1999, multiplied by 11.25%, and an~~
21 ~~additional 60% of the taxable value of class eight property within the county for tax year 1999, multiplied~~
22 ~~by 11.25%;~~

23 ~~—— (c) for general obligation bonds to be issued during fiscal year 2002, an additional 50% of the~~
24 ~~taxable value of class six property within the county for tax year 1999, multiplied by 11.25%, and an~~
25 ~~additional 60% of the taxable value of class eight property within the county for tax year 1999, multiplied~~
26 ~~by 11.25%;~~

27 ~~—— (d) for general obligation bonds to be issued during fiscal year 2003, an additional 75% of the~~
28 ~~taxable value of class six property within the county for tax year 1999, multiplied by 11.25%, and an~~
29 ~~additional 60% of the taxable value of class eight property within the county for tax year 1999, multiplied~~
30 ~~by 11.25%;~~

~~———— (e) for general obligation bonds to be issued during fiscal years in which the tax rate for class eight property is 2%, an additional 100% of the taxable value of class six property within the county for tax year 1999, in each case of class six property, multiplied by 11.25%, and an additional 77% of the taxable value of class eight property within the county for tax year 1999, multiplied by 11.25%;~~

~~———— (f) for general obligation bonds to be issued during fiscal years in which the tax rate for class eight property is 1%, an additional 94% of the taxable value of former class eight property within the county for tax year 1999, in each case of former class eight property, multiplied by 11.25%; and~~

~~———— (g) for general obligation bonds to be issued during the fiscal year and succeeding fiscal years in which 15-6-138 is repealed, an additional 100% of the taxable value of former class eight property within the county for tax year 1999, in each case of former class eight property, multiplied by 11.25%.~~

~~———— (2) In addition to the bonds allowed by subsection (1), a county may issue bonds for the construction or improvement of a detention center that will not exceed 12.5% of the taxable value of the property in the county subject to taxation, plus the adjustments permitted by subsection (1).~~

~~(3)(2)~~ The limitation in subsection (1) does not apply to refunding bonds issued for the purpose of paying or retiring county bonds lawfully issued prior to January 1, 1932, or to bonds issued for the repayment of tax protests lost by the county."

Section 9. Section 7-7-2301, MCA, is amended to read:

"7-7-2301. Authority to issue refunding general obligation bonds. (1) The board of county commissioners of each a county of the state may issue, negotiate, and sell coupon bonds on the credit of the county, as provided in part 22 and this part, for the purpose of refunding, paying, and redeeming optional, redeemable, or maturing bonds when:

(a) there are not sufficient funds available to pay the bonds or there is a reduction in debt service as a result of issuing refunding bonds pursuant to 7-7-2304; and

(b) it is considered in the best interests of the county to refund the bonds.

(2) (a) The board has the authority to negotiate with the holders of the bonds of the county for an agreement or agreements whereby the bondholders agree to accept less than the full amount of the bonds and the accrued unpaid interest on the bonds as full payment and satisfaction of the bonds, to enter into the agreement or agreements, and to issue refunding bonds for the amount agreed upon whenever:

(i) the total indebtedness of a county exceeds ~~5%~~ 0.3% of the total assessed value of ~~the~~ taxable

property, determined as provided in 15-8-111, in within the county, as ascertained by the last assessment for state and county taxes; and

(ii) the board of county commissioners of the county determines that the county is unable to pay and discharge the indebtedness in full.

(b) These bonds may be issued in more than one series if the circumstances require, and each series may be either amortization bonds or serial bonds. The plan agreed upon between the board and the bondholders must be embodied in full in the resolution providing for the issue of the bonds."

Section 10. Section 7-7-4201, MCA, is amended to read:

"7-7-4201. Limitation on amount of bonded indebtedness. (1) Except as ~~otherwise provided in 7-7-4202,~~ a city or town may not issue bonds or incur other indebtedness for any purpose in an amount that with all outstanding and unpaid indebtedness ~~will exceed 28%~~ exceeds 1.51% of the ~~taxable total assessed~~ value of ~~the taxable~~ property, determined as provided in 15-8-111, in within the city or town ~~subject to taxation, to be as~~ ascertained by the last assessment for state and county taxes, ~~plus:~~

~~—— (a) for bonds to be issued or other indebtedness to be incurred during fiscal years 1999 through 2008, an additional 33% of the taxable value of class eight property within the city or town for tax year 1995, multiplied by 28%; and~~

~~—— (b) an additional 50% of the taxable value of telecommunications property under 15-6-141 within the city or town for tax year 1999, multiplied by 28%, and an additional 50% of the taxable value attributable to electrical generation property under 15-6-141 within the city or town for tax year 1999, multiplied by 28%.~~

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness.

(3) The limitation in subsection (1) does not apply to bonds issued for the repayment of tax protests lost by the city or town."

Section 11. Section 7-7-4202, MCA, is amended to read:

"7-7-4202. Special provisions relating to water and sewer systems. (1) ~~Notwithstanding the provisions of~~ A city or town may incur an additional indebtedness by borrowing money or issuing bonds

~~beyond the amount authorized in 7-7-4201, for the purpose of constructing a sewer system, procuring a water supply, or constructing or acquiring a water system for a city or town that owns and controls the water supply and water system and devotes the revenue from the water supply and water system to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds.~~

(2) The additional total indebtedness that may be incurred by borrowing money or issuing bonds for the construction of a sewer system, for the procurement of a water supply, or for both of the purposes, including all indebtedness that is contracted and that is unpaid or outstanding, may not in the aggregate exceed 55% ~~of~~ over and above the debt limitation referred to in 7-7-4201 ~~of the taxable value of the property in the city or town subject to taxation, to be ascertained by the last assessment for state and county taxes, plus:~~

~~—— (a) for indebtedness to be incurred during fiscal years 1999 through 2008, an additional 33% of the taxable value of class eight property within the city or town for tax year 1995, multiplied by 55%; and~~
~~—— (b) an additional 50% of the taxable value of telecommunications property under 15-6-141 within the city or town for tax year 1999, multiplied by 55%, and an additional 50% of the taxable value attributable to electrical generation property under 15-6-141 within the city or town for tax year 1999, multiplied by 55%."~~

Section 12. Section 7-13-237, MCA, is amended to read:

"7-13-237. Solid waste management district bonds authorized. (1) With the approval of the board of county commissioners, a solid waste management district may borrow money by the issuance of its bonds to:

(a) provide funds for payment of part or all of the cost of acquisition of property, construction of improvements, and purchase of equipment;

(b) provide an adequate working capital; and

(c) pay costs related to the planning, designing, and financing of a solid waste management system.

(2) The amount of bonds issued for the purposes provided for in subsection (1) and outstanding at any time may not exceed ~~22.5%~~ 1.4% of the ~~taxable~~ total assessed value of ~~the taxable~~ property, ~~determined as provided in 15-8-111, in~~ within the district, as ascertained by the last assessment for state

1 and county taxes prior to the issuance of the bonds.

2 (3) Each year at the time of levying county taxes, the board of county commissioners shall fix and
3 levy a tax upon all property within the district that is sufficient to raise the amount necessary for the
4 payment of bonded indebtedness.

5 (4) The bonds must be authorized, sold, and issued and provisions must be made for their payment
6 in the manner and subject to the conditions and limitations prescribed for bonds of school districts in Title
7 20, chapter 9, part 4."

8

9 **Section 13.** Section 7-13-309, MCA, is amended to read:

10 **"7-13-309. Joint district bonds authorized.** (1) Upon approval of the board of directors of the joint
11 district, a joint district may borrow money by the issuance of its bonds to:

12 (a) provide funds for payment of part or all of the cost of acquisition of property, construction of
13 improvements, and purchase of equipment;

14 (b) provide an adequate working capital; and

15 (c) pay costs related to the planning, designing, and financing of a solid waste management
16 system.

17 (2) The amount of bonds issued for the purposes provided in subsection (1) and outstanding at
18 any time may not exceed ~~22.5%~~ 1.4% of the ~~taxable~~ total assessed value of ~~the~~ taxable property,
19 determined as provided in 15-8-111, in within the joint district, as ascertained by the last assessment for
20 state and county taxes prior to the issuance of the bonds.

21 (3) Each year at the time of levying county taxes, the board of county commissioners of each
22 county in the joint district shall fix and levy a tax upon all property in the county within the joint district
23 that is sufficient to raise the amount certified by the board of directors of the joint district for the payment
24 of bonded indebtedness of the district.

25 (4) The bonds must be authorized, sold, and issued and provisions must be made for their payment
26 in the manner and subject to the conditions and limitations prescribed for bonds of school districts in Title
27 20, chapter 9, part 4. The issuance of the bonds must be approved in each county by the joint district
28 electorate voting on the question."

29

30 **Section 14.** Section 7-13-4103, MCA, is amended to read:

1 **"7-13-4103. Limitation on indebtedness for acquisition of natural gas system.** The total amount
2 of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, ~~must~~
3 may not at any time exceed ~~17%~~ 0.92% of the total ~~taxable~~ assessed value of the taxable property,
4 determined as provided in 15-8-111, or within the city or town subject to taxation, as ascertained by the
5 last assessment for state and county taxes."

6
7 **Section 15.** Section 7-14-236, MCA, is amended to read:

8 **"7-14-236. Limitation on bonded indebtedness.** The amount of bonds issued to provide funds for
9 the district and outstanding at any time ~~shall~~ may not exceed ~~28%~~ 1.51% of the ~~taxable~~ total assessed
10 value of taxable property, determined as provided in 15-8-111, therein within the district, as ascertained
11 by the last assessment for state and county taxes ~~previous~~ prior to the issuance of ~~such~~ the bonds."

12
13 **Section 16.** Section 7-14-2524, MCA, is amended to read:

14 **"7-14-2524. Limitation on amount of bonds issued --excess void.** (1) Except as otherwise
15 provided in 7-7-2203, 7-7-2204, and this section, a county may not issue bonds in an amount that, with
16 all outstanding bonds and warrants except emergency bonds, ~~will exceed 11.25%~~ exceeds 0.68% of the
17 total ~~of the taxable~~ assessed value of the taxable property, determined as provided in 15-8-111, in within
18 the county, as ascertained by the last assessment for state and county taxes. ~~plus:~~

19 ~~(a) (i) the value provided by the department of revenue under 15-36-324(13). The taxable property~~
20 ~~and the amount of taxes levied on new production, production from horizontally completed wells, and~~
21 ~~incremental production must be ascertained by the last assessment for state and county taxes prior to the~~
22 ~~issuance of the bonds.~~

23 ~~—— (ii) an additional 50% of the taxable value of telecommunications property under 15-6-141 within~~
24 ~~the county for tax year 1999, multiplied by 11.25%, and an additional 50% of the taxable value~~
25 ~~attributable to electrical generation property under 15-6-141 within the county for tax year 1999,~~
26 ~~multiplied by 11.25%;~~

27 ~~—— (b) for fiscal year 2001, an additional 25% of the taxable value of class six property within the~~
28 ~~county for tax year 1999, multiplied by 11.25%, and an additional 60% of the taxable value of class eight~~
29 ~~property within the county for tax year 1999, multiplied by 11.25%;~~

30 ~~—— (c) for fiscal year 2002, an additional 50% of the taxable value of class six property within the~~

1 county for tax year 1999, multiplied by 11.25%, and an additional 60% of the taxable value of class eight
2 property within the county for tax year 1999, multiplied by 11.25%;

3 ~~—— (d) for fiscal year 2003, an additional 75% of the taxable value of class six property within the~~
4 ~~county for tax year 1999, multiplied by 11.25%, and an additional 60% of the taxable value of class eight~~
5 ~~property within the county for tax year 1999, multiplied by 11.25%;~~

6 ~~—— (e) for fiscal years in which the tax rate for class eight property is 2%, an additional 100% of the~~
7 ~~taxable value of class six property within the county for tax year 1999, in each case of class six property,~~
8 ~~multiplied by 11.25%, and an additional 77% of the taxable value of class eight property within the county~~
9 ~~for tax year 1999, multiplied by 11.25%;~~

10 ~~—— (f) for fiscal years in which the tax rate for class eight property is 1%, an additional 94% of the~~
11 ~~taxable value of former class eight property within the county for tax year 1999, in each case of former~~
12 ~~class eight property, multiplied by 11.25%; and~~

13 ~~—— (g) for the fiscal year and succeeding fiscal years in which 15-6-138 is repealed, an additional~~
14 ~~100% of the taxable value of former class eight property within the county for tax year 1999, in each~~
15 ~~case of former class eight property, multiplied by 11.25%.~~

16 (2) A county may issue bonds in an amount that, with all outstanding bonds and warrants,
17 exceeds ~~11.25%~~ 0.68% but does not exceed ~~22.5%~~ 1.4% of the total of the taxable assessed value of
18 the taxable property; ~~as adjusted in subsection (1), plus an additional 50% of the taxable value of~~
19 ~~telecommunications property under 15-6-141 within the county for tax year 1999, multiplied by the~~
20 ~~amount that exceeds 11.25% but does not exceed 22.5% and an additional 50% of the taxable value~~
21 ~~attributable to electrical generation property under 15-6-141 within the county for tax year 1999,~~
22 ~~multiplied by the amount that exceeds 11.25% but does not exceed 22.5%,~~ determined as provided in
23 15-8-111, when necessary for the purpose of replacing, rebuilding, or repairing county buildings, bridges,
24 or highways that have been destroyed or damaged by an act of God or by a disaster, catastrophe, or
25 accident.

26 (3) The value of the bonds issued and all other outstanding indebtedness of the county may not
27 exceed ~~22.5%~~ 1.4% of the total of the taxable assessed value of the taxable property, determined as
28 provided in 15-8-111, within the county; ~~as adjusted in this section~~, as ascertained by the last assessment
29 for state and county taxes prior to the issuance of the bonds."

1 **Section 17.** Section 7-14-2525, MCA, is amended to read:

2 **"7-14-2525. Refunding agreements and refunding bonds authorized.** (1) Whenever the total
3 indebtedness of a county exceeds ~~22.5%~~ 1.4% of the total ~~of the taxable assessed~~ value of the taxable
4 property, determined as provided in 15-8-111, in within the county, as adjusted in 7-14-2524, and the
5 board determines that the county is unable to pay the indebtedness in full, the board may:

6 (a) negotiate with the bondholders for an agreement under which the bondholders agree to accept
7 less than the full amount of the bonds and the accrued unpaid interest in satisfaction of the bonds;

8 (b) enter into the agreement;

9 (c) issue refunding bonds for the amount agreed upon.

10 (2) These bonds may be issued in more than one series, and each series may be either
11 amortization or serial bonds.

12 (3) The plan agreed upon between the board and the bondholders must be embodied in full in the
13 resolution providing for the issuance of the bonds."
14

15 **Section 18.** Section 7-14-4402, MCA, is amended to read:

16 **"7-14-4402. Limit on indebtedness to provide bus service.** The total amount of indebtedness
17 authorized under 7-14-4401(1) to be contracted in any form, including ~~the then-existing~~ existing
18 indebtedness, may not at any time exceed ~~28% of the total taxable value of the property of the city or~~
19 ~~town subject to taxation as ascertained by the last assessment for state and county taxes~~ debt limitation
20 established in 7-7-4201. ~~No money~~ Money may not be borrowed or bonds issued for the purposes
21 specified in 7-14-4401(1) until the proposition has been submitted to the vote of the taxpayers of the city
22 or town and ~~the~~ a majority vote is cast in its favor."
23

24 **Section 19.** Section 7-16-2327, MCA, is amended to read:

25 **"7-16-2327. Indebtedness for park purposes.** (1) Subject to the provisions of subsection (2), a
26 county park board, in addition to powers and duties given under law, may contract an indebtedness ~~in~~ on
27 behalf of a county, upon the credit of the county, in order to carry out its powers and duties.

28 (2) (a) The total amount of indebtedness authorized to be contracted in any form, including ~~the~~
29 ~~then-existing~~ existing indebtedness, may not at any time exceed ~~13%~~ 0.79% of the total ~~of the taxable~~
30 assessed value of ~~the~~ taxable property, determined as provided in 15-8-111, in within the county, as

ascertained by the last assessment for state and county taxes ~~previous~~ prior to the incurring of the indebtedness, ~~plus:~~

~~—— (i) the value provided by the department of revenue under 15-36-324(13);~~

~~—— (ii) an additional 50% of the taxable value of telecommunications property under 15-6-141 within the city or town for tax year 1999, multiplied by 13%, and an additional 50% of the taxable value attributable to electrical generation property under 15-6-141 within the county for tax year 1999, multiplied by 13%;~~

~~—— (iii) for fiscal year 2001, an additional 25% of the taxable value of class six property within the county for tax year 1999, multiplied by 13%, and an additional 60% of the taxable value of class eight property within the county for tax year 1999, multiplied by 13%;~~

~~—— (iv) for fiscal year 2002, an additional 50% of the taxable value of class six property within the county for tax year 1999, multiplied by 13%, and an additional 60% of the taxable value of class eight property within the county for tax year 1999, multiplied by 13%;~~

~~—— (v) for fiscal year 2003, an additional 75% of the taxable value of class six property within the county for tax year 1999, multiplied by 13%, and an additional 60% of the taxable value of class eight property within the county for tax year 1999, multiplied by 13%;~~

~~—— (vi) for fiscal years in which the tax rate for class eight property is 2%, an additional 100% of the taxable value of class six property within the county for tax year 1999, in each case of class six property, multiplied by 13%, and an additional 77% of the taxable value of class eight property within the county for tax year 1999, multiplied by 13%;~~

~~—— (vii) for fiscal years in which the tax rate for class eight property is 1%, an additional 94% of the taxable value of former class eight property within the county for tax year 1999, in each case of former class eight property, multiplied by 13%; and~~

~~—— (viii) for the fiscal year and succeeding fiscal years in which 15-6-138 is repealed, an additional 100% of the taxable value of former class eight property within the county for tax year 1999, in each case of former class eight property, multiplied by 13%.~~

(b) Money may not be borrowed on bonds issued for the purchase of lands and improving the land for any purpose until the proposition has been submitted to the vote of those qualified under the provisions of the state constitution to vote at the election in the affected county and a majority vote is cast in favor of the bonds."

1

2 **Section 20.** Section 7-16-2433, MCA, is amended to read:

3 **"7-16-2433. Park district bonds authorized.** (1) A county park district may borrow money by the
4 issuance of its bonds to provide funds for payment of all or part of the cost of construction, acquisition,
5 furnishing, equipping, extension, and betterment of park facilities and to provide an adequate working
6 capital for ~~such park~~ facilities.

7 (2) The amount of bonds issued for ~~such purchase~~ the purposes provided in subsection (1) and
8 outstanding at any time may not exceed ~~20%~~ 1.22% of the ~~taxable~~ total assessed value of ~~the taxable~~
9 property, determined as provided in 15-8-111, within the district, as ascertained by the last assessment
10 for state and county taxes ~~previous~~ prior to the issuance of ~~such the~~ bonds.

11 (3) ~~Such~~ The bonds must be authorized, sold, and issued and provisions made for their payment
12 in the manner and subject to the conditions and limitations prescribed for bonds of school districts by Title
13 20, chapter 9, part 4."

14

15 **Section 21.** Section 7-16-4104, MCA, is amended to read:

16 **"7-16-4104. Authorization for municipal indebtedness for various cultural, social, and recreational**
17 **purposes.** (1) A city or town council or commission may contract an indebtedness on behalf of the city
18 or town, upon the credit of the city or town, by borrowing money or issuing bonds:

19 (a) for the purpose of purchasing and improving lands for public parks and grounds;

20 (b) for procuring by purchase, construction, or otherwise a swimming pool facility, athletic field,
21 skating rink, playground, museum, golf course, site and building for a civic center, youth center, or any
22 combination of these facilities; and

23 (c) for furnishing, equipping, repairing, or rehabilitating a swimming pool facility, athletic field,
24 skating rink, playground, museum, golf course, civic center, or youth center.

25 (2) (a) The total amount of indebtedness authorized to be contracted in any form, including the
26 ~~then-existing~~ existing indebtedness, may not at any time exceed ~~16.5%~~ 0.9% of the ~~taxable total~~
27 assessed value of ~~the taxable~~ property, determined as provided in 15-8-111, ~~of~~ within the city or town,
28 as ascertained by the last assessment for state and county taxes ~~previous~~ prior to the incurring of the
29 indebtedness, ~~plus:~~

30 ~~—— (i) for general obligation bonds to be issued during fiscal year 1998, an additional 22% of the~~

~~taxable value of class eight property within the county for tax year 1995 and, for general obligation bonds to be issued during fiscal years 1999 through 2008, an additional 33% of the taxable value of class eight property within the city for tax year 1995, in each case of class eight property, multiplied by 16.5%;~~
~~—— (ii) an additional 50% of the taxable value of telecommunications property under 15-6-141 within the city or town for tax year 1999, multiplied by 16.5%, and an additional 50% of the taxable value attributable to electrical generation property under 15-6-141 within the city or town for tax year 1999, multiplied by 16.5%.~~

(b) Money may not be borrowed for any purpose on bonds issued for the purchase of lands and improving the land until the proposition has been submitted to the vote of the qualified electors of the city or town and a majority vote is cast in favor of the proposition."

Section 22. Section 7-31-106, MCA, is amended to read:

"7-31-106. Authorization for county to issue bonds -- election required. (1) If the petition is presented to the board of county commissioners, the board shall, for the purpose of raising money to meet the payments under the terms and conditions of the contract and other necessary and proper expenses for the contract and for the approval or disapproval of the petition:

(a) ascertain, within 30 days after submission of the petition, the existing indebtedness of the county in the aggregate; and

(b) submit, after ascertaining the aggregate indebtedness, to the electors of the county the proposition to approve or disapprove the contract and the issuance of bonds necessary to carry out the contract. The election must be held in conjunction with a regular or primary election.

(2) The amount of the bonds authorized by this section may not exceed ~~22.5% of the taxable value of the taxable property in the county, inclusive of the existing indebtedness of the county, to be ascertained by the last assessment for state and county taxes previous~~ the debt limitation established in 7-7-2203 prior to the issuance of the bonds ~~and incurring of the indebtedness.~~"

Section 23. Section 7-31-107, MCA, is amended to read:

"7-31-107. Authorization for municipality to issue bonds -- election required. (1) If the petition is presented to the council of any incorporated city or town, the council, for the purpose of raising money to meet the payments under the terms and conditions of the contract and other necessary and proper

1 expenses for the contract and for the approval or disapproval of the petition, shall:

2 (a) ascertain, within 30 days after submission of the petition, the aggregate indebtedness of the
3 city or town; and

4 (b) submit, after ascertaining the aggregate indebtedness, to the electors of the city or town the
5 proposition to approve or disapprove the contract and the issuance of bonds necessary to carry out the
6 contract. The election must be held in conjunction with a regular or primary election.

7 (2) The amount of the bonds authorized by this section may not exceed ~~16.5%~~ 0.9% of the
8 ~~taxable total assessed~~ value of ~~the~~ taxable property, determined as provided in 15-8-111, in within the
9 city or town, inclusive of the existing indebtedness of the city or town, ~~to be as~~ ascertained in the manner
10 provided in this part."

11

12 **Section 24.** Section 7-33-2109, MCA, is amended to read:

13 **"7-33-2109. Tax levy, debt incurrence, and bonds authorized.** (1) At the time of the annual levy
14 of taxes, the board of county commissioners may, subject to 15-10-420, levy a special tax upon all
15 property within a rural fire district for the purpose of buying or maintaining fire protection facilities and
16 apparatus, including emergency response apparatus, for the district or for the purpose of paying to a city,
17 town, or private fire service the consideration provided for in any contract with the council of the city,
18 town, or private fire service for the purpose of furnishing fire protection service to property within the
19 district. The tax must be collected as are other taxes.

20 (2) The board of county commissioners or the trustees, if the district is governed by trustees, may
21 pledge the income of the district, subject to the requirements and limitations of 7-33-2105(3), to secure
22 financing necessary to procure equipment and buildings to house the equipment.

23 (3) In addition to the levy authorized in subsection (1), a district may borrow money by the
24 issuance of bonds to provide funds for the payment of all or part of the cost of buying or maintaining fire
25 protection facilities and apparatus, including emergency response apparatus, for the district.

26 (4) The amount of debt incurred pursuant to subsection (2) and the amount of bonds issued
27 pursuant to subsection (3) and outstanding at any time may not exceed ~~18%~~ 1.1% of the ~~taxable total~~
28 assessed value of ~~the~~ taxable property, determined as provided in 15-8-111, in within the district, as
29 ascertained by the most recent assessment for state and county taxes prior to the incurrence of debt or
30 the issuance of the bonds.

(5) The bonds must be authorized, sold, and issued and provisions must be made for their payment in the manner and subject to the conditions and limitations prescribed for the issuance of bonds by counties under Title 7, chapter 7, part 22."

Section 25. Section 7-33-2404, MCA, is amended to read:

"7-33-2404. Financing of fire service area -- fee on structures. (1) In the resolution creating the fire service area and by resolution as necessary after creation of the fire service area, the board of county commissioners shall establish a schedule of rates to be charged owners of structures that are benefited by the services offered by the fire service area.

(2) The rates must be applied on a fair and equal basis to all classes of structures benefited by the fire service area.

(3) The board of county commissioners shall collect the funds necessary to operate the fire service area by charging the area rate as a special assessment on the owners of structures and shall collect the assessments with the general taxes of the county. The assessments are a lien on the assessed property.

(4) The board of county commissioners or the trustees, if the fire service area is governed by trustees under 7-33-2403, may pledge the income of the fire service area to secure financing necessary to procure equipment and buildings to house the equipment. The outstanding amount of the indebtedness may not exceed ~~18%~~ 1.1% of the ~~taxable valuation~~ total assessed value of taxable property, determined as provided in 15-8-111, within the area, as ascertained by the last assessment for state and county taxes prior to the incurring of the indebtedness."

Section 26. Section 7-34-2131, MCA, is amended to read:

"7-34-2131. Hospital district bonds and notes authorized. (1) (a) A hospital district may borrow money by the issuance of its bonds to provide funds for payment of part or all of the cost of acquisition, furnishing, equipment, improvement, extension, and betterment of hospital facilities and to provide an adequate working capital for a new hospital.

(b) The amount of bonds issued for ~~such purpose~~ the purposes referred to in subsection (1)(a) and outstanding at any time may not exceed ~~22.5%~~ 1.4% of the ~~taxable~~ total assessed value of ~~the taxable~~ property, determined as provided in 15-8-111, therein within the district, as ascertained by the last assessment for state and county taxes ~~previous~~ prior to the issuance of ~~such~~ the bonds.

(c) ~~Such~~ The bonds ~~shall~~ must be authorized, sold, and issued and provisions made for their payment in the manner and subject to the conditions and limitations prescribed for bonds of school districts by Title 20, chapter 9, part 4.

(2) (a) A hospital district may borrow money by the issuance of notes to provide funds to finance the costs described in subsection (1) and to finance the working capital requirements of the district. The notes must be authorized and in a form and terms prescribed by a resolution adopted by the board of trustees. The notes must mature over a term not to exceed 15 years.

(b) The principal and interest on the notes must be paid from the taxes levied pursuant to 7-34-2133 and 7-34-2134, exclusive of the taxes levied to pay bonds issued in accordance with subsection (1), and all other revenue of the district. The annual amount of principal and interest payable on notes in any fiscal year must be included in the district's budget for that year.

(c) The notes may be secured by a mortgage of or a security interest in all or part of the district's assets and by a pledge of the taxes and revenue of the district, or either of them.

(d) Notes may not be issued unless the projected annual revenue of the district, including the taxes levied pursuant to 7-34-2133 and 7-34-2134 but exclusive of the taxes levied to pay bonds, is at least equal to the sum of the cost of operating and maintaining the hospital district plus the maximum amount of principal and interest due in any future fiscal year on the notes proposed to be issued and all notes outstanding upon the issuance of the proposed notes.

(3) ~~Nothing herein shall~~ This section may not be construed to preclude the provisions of Title 50, chapter 6, part 1, allowing the state to apply for and accept federal funds."

Section 27. Section 15-23-703, MCA, is amended to read:

"15-23-703. Taxation of gross proceeds -- taxable value for ~~bonding~~ county classification and guaranteed tax base aid to schools. (1) The department shall compute from the reported gross proceeds from coal a tax roll that must be transmitted to the county treasurer on or before September 15 each year. The department may not levy or assess any mills against the reported gross proceeds of coal but shall levy a tax of 5% against the value of the reported gross proceeds as provided in 15-23-701(1)(d). The county treasurer shall proceed to give full notice, as provided in 15-16-101, to each coal producer of the taxes due and shall collect the taxes.

(2) For ~~bonding~~, county classification, and all nontax purposes, the taxable value of the gross

1 proceeds of coal is 45% of the contract sales price as defined in 15-35-102.

2 (3) Except as provided in subsection (6), the county treasurer shall calculate and distribute to the
3 state, county, and eligible school districts in the county the amount of the coal gross proceeds tax,
4 determined by multiplying the unit value calculated in 15-23-705 times the tons of coal extracted, treated,
5 and sold on which the coal gross proceeds tax was owed during the preceding calendar year.

6 (4) Except as provided in subsections (5), (6), and (8), the county treasurer shall credit the amount
7 determined under subsection (3) and the amounts received under 15-23-706:

8 (a) to the state and to the counties that levied mills in fiscal year 1990 against 1988 production
9 in the relative proportions required by the levies for state and county purposes in the same manner as
10 property taxes were distributed in fiscal year 1990 in the taxing jurisdiction; and

11 (b) to school districts in the county that either levied mills in school fiscal year 1990 against 1988
12 production or used nontax revenue, such as impact aid money, as provided in 20 U.S.C. 7701, et seq.,
13 in lieu of levying mills against production, in the same manner that property taxes collected or property
14 taxes that would have been collected would have been distributed in the 1990 school fiscal year in the
15 school district.

16 (5) (a) If the total tax liability in a taxing jurisdiction exceeds the amount determined in subsection
17 (3), the county treasurer shall, immediately following the distribution from taxes paid on May 31 of each
18 year, send the excess revenue, excluding any protested coal gross proceeds tax revenue, to the
19 department for redistribution as provided in 15-23-706.

20 (b) If the total tax liability in a taxing jurisdiction is less than the amount determined in subsection
21 (3), the taxing jurisdiction is entitled to a redistribution as provided by 15-23-706.

22 (6) The board of county commissioners of a county may direct the county treasurer to reallocate
23 the distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in
24 subsection (4)(a), to another taxing unit or taxing units, other than an elementary school or high school,
25 within the county under the following conditions:

26 (a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within
27 the county in the same proportion that all other property tax proceeds were distributed in the county in
28 fiscal year 1990.

29 (b) If the allocation in subsection (6)(a) exceeds the total budget for a taxing unit, the
30 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

(7) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds taxes distributed to the district by the county treasurer under the following conditions:

(a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year 1990.

(b) If the allocation under subsection (7)(a) exceeds the total budget for a fund, the trustees may allocate the excess to any budgeted fund of the school district.

(8) The county treasurer shall credit all taxes collected under this part from coal mines that began production after December 31, 1988, in the relative proportions required by the levies for state, county, and school district purposes in the same manner as property taxes were distributed in the previous fiscal year."

Section 28. Section 15-36-324, MCA, is amended to read:

"15-36-324. Distribution of taxes -- rules. (1) For each calendar quarter, the department shall determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of distribution of the taxes to county and school taxing units, the department shall determine the amount of oil and natural gas production taxes paid on production in the taxing unit.

(2) Except as provided in subsections (3) through (5), oil production taxes must be distributed as follows:

(a) The amount equal to 39.3% of the oil production taxes, including late payment interest and penalty, collected under this part must be distributed as provided in subsection (9).

(b) The remaining 60.7% of the oil production taxes, plus accumulated interest earned on the amount allocated under this subsection (2)(b), must be deposited in the state special revenue fund in the state treasury and transferred to the county and school taxing units for distribution as provided in subsection (12).

(3) The amount equal to 100% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on qualifying production occurring during the first 12 months of production must be distributed as provided in subsection (10).

(4) (a) The amount equal to 100% of the oil production taxes, including late payment interest and penalty, collected from working interest owners on production from horizontally completed wells occurring

1 during the first 18 months of production must be distributed as provided in subsection (10).

2 (b) The amount equal to 100% of the oil production taxes, including late payment interest and
3 penalty, collected from working interest owners on the incremental production from horizontally
4 recompleted wells occurring during the first 18 months of production must be distributed as provided in
5 subsection (9).

6 (5) (a) The amount equal to 13.8% of the oil production taxes, including late payment interest and
7 penalty, collected from working interest owners on the first 10 barrels of stripper oil production wells must
8 be distributed as provided in subsection (10).

9 (b) The remaining 86.2% of the oil production taxes, plus accumulated interest earned on the
10 amount allocated under this subsection (5)(b), must be deposited in the state special revenue fund in the
11 state treasury and transferred to the county and school taxing units for distribution as provided in
12 subsection (12).

13 (c) The amount equal to 100% of the oil production taxes, including late payment interest and
14 penalty, collected from working interest owners on stripper well exemption production from pre-1985 wells
15 and post-1985 wells must be distributed as provided in subsection (10).

16 (6) Except as provided in subsections (7) and (8), natural gas production taxes must be allocated
17 as follows:

18 (a) The amount equal to 14% of the natural gas production taxes, including late payment interest
19 and penalty, collected under this part must be distributed as provided in subsection (11).

20 (b) The remaining 86% of the natural gas production taxes, plus accumulated interest earned on
21 the amount allocated under this subsection (6)(b), must be deposited in the state special revenue fund in
22 the state treasury and transferred to the county and school taxing units for distribution as provided in
23 subsection (12).

24 (7) The amount equal to 100% of the natural gas production taxes, including late payment interest
25 and penalty, collected from working interest owners under this part on production from wells occurring
26 during the first 12 months of production must be distributed as provided in subsection (10).

27 (8) The amount equal to 100% of natural gas production taxes, including late payment interest
28 and penalty, collected from working interest owners on production from horizontally completed wells
29 occurring during the first 18 months of production must be distributed as provided in subsection (10).

30 (9) The department shall, in accordance with the provisions of 15-1-501, distribute the state

1 portion of oil production taxes specified in subsections (2)(a) and (4)(b), including late payment interest
2 and penalty collected, as follows:

3 (a) 86.21% to the state general fund;

4 (b) 5.17% to the state special revenue fund for the purpose of paying expenses of the board as
5 provided in 82-11-135; and

6 (c) 8.62% to be distributed as provided in 15-38-106(2).

7 (10) The department shall distribute the state portion of oil and natural gas production taxes
8 specified in subsections (3), (4)(a), (5)(a), (5)(c), (7), and (8), including late payment interest and penalty
9 collected, as follows:

10 (a) 37.5% to the state special revenue fund for the purpose of paying expenses of the board as
11 provided in 82-11-135; and

12 (b) 62.5% to be distributed as provided in 15-38-106(2).

13 (11) The department shall, in accordance with the provisions of 15-1-501, distribute the state
14 portion of natural gas production taxes specified in subsection (6)(a), including late payment interest and
15 penalty collected, as follows:

16 (a) 76.8% to the state general fund;

17 (b) 8.7% to the state special revenue fund for the purpose of paying expenses of the board as
18 provided in 82-11-135; and

19 (c) 14.5% to be distributed as provided in 15-38-106(2).

20 (12) (a) By the dates referred to in subsection (13), the department shall, except as provided in
21 subsection (12)(b), calculate and distribute oil and natural gas production taxes received under subsections
22 (2)(b), (5)(b), and (6)(b) to each eligible county in proportion to the oil and natural gas production taxes
23 received under subsections (2)(b), (5)(b), and (6)(b) that are attributable to production in that county.

24 (b) The department shall distribute 5% of the oil and natural gas production taxes received under
25 subsections (2)(b), (5)(b), and (6)(b) from pre-1999 wells to eligible counties in proportion to the
26 underfunding that would have occurred from the tax liability distribution of pre-1985 oil and natural gas
27 production taxes for production in calendar year 1997.

28 (c) Except as provided in subsection (12)(d), the county treasurer shall distribute the money
29 received under subsection (12)(b) to the taxing units that levied mills in fiscal year 1990 against calendar
30 year 1988 production in the same manner that all other property tax proceeds were distributed during

1 fiscal year 1990 in the taxing unit, except that a distribution may not be made to a municipal taxing unit.

2 (d) The board of county commissioners of a county may direct the county treasurer to reallocate
3 the distribution of oil and natural gas production tax money that would have gone to a taxing unit, as
4 provided in subsection (12)(c), to another taxing unit or taxing units, other than an elementary school or
5 high school, within the county under the following conditions:

6 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing
7 units within the county in the same proportion that all other property tax proceeds were distributed in the
8 county in fiscal year 1990.

9 (ii) If the allocation in subsection (12)(d)(i) exceeds the total budget for a taxing unit, the
10 commissioners may direct the county treasurer to allocate the excess to any taxing unit within the county.

11 (e) The board of trustees of an elementary or high school district may reallocate the oil and natural
12 gas production taxes distributed to the district by the county treasurer under the following conditions:

13 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds
14 of the district in the same proportion that all other property tax proceeds were distributed in the district
15 in fiscal year 1990.

16 (ii) If the allocation under subsection (12)(e)(i) exceeds the total budget for a fund, the trustees
17 may allocate the excess to any budgeted fund of the school district.

18 (f) The county treasurer shall distribute oil and natural gas production taxes received under
19 subsection (12)(a) between county and school taxing units in the relative proportions required by the levies
20 for state, county, and school district purposes in the same manner as property taxes were distributed in
21 the preceding fiscal year.

22 (g) The allocation to the county in subsection (12)(f) must be distributed by the county treasurer
23 in the relative proportions required by the levies for county taxing units and in the same manner as
24 property taxes were distributed in the preceding fiscal year.

25 (h) The money distributed in subsection (12)(f) that is required for the county mill levies for school
26 district retirement obligations and transportation schedules must be deposited to the funds established for
27 these purposes.

28 (i) The oil and natural gas production taxes distributed under subsection (12)(c) that are required
29 for the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed
30 under 20-9-331 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county

1 treasurer to the state treasurer.

2 (j) The oil and natural gas production taxes distributed under subsection (12)(f) that are required
3 for the 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under
4 20-9-331 and 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted
5 by the county treasurer to the state treasurer.

6 (k) The amount of oil and natural gas production taxes remaining after the treasurer has remitted
7 the amounts determined in subsections (12)(i) and (12)(j) is for the exclusive use and benefit of the county
8 and school taxing units.

9 (13) The department shall remit the amounts to be distributed in subsection (12) to the county
10 treasurer by the following dates:

11 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and
12 natural gas production tax payments received for the calendar quarter ending March 31 of the current
13 year.

14 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil
15 and natural gas production tax payments received for the calendar quarter ending June 30 of the current
16 year.

17 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil
18 and natural gas production tax payments received for the calendar quarter ending September 30 of the
19 previous year.

20 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and
21 natural gas production tax payments received for the calendar quarter ending December 31 of the previous
22 calendar year.

23 (14) The department shall provide to each county by May 31 of each year the amount of gross
24 taxable value represented by all types of production taxed under 15-36-304 for the previous calendar year
25 multiplied by 60%. The resulting value must be treated as taxable value for county classification purposes
26 ~~and for county bonding purposes.~~

27 (15) (a) ~~In the event that the board of oil and gas conservation revises the privilege and license tax~~
28 ~~pursuant to 82-11-131, the department shall, by rule, change the formula under this section for~~
29 ~~distribution of taxes collected under 15-36-304. The revised formula must provide for the distribution of~~
30 ~~taxes in an amount equal to the rate adopted by the board of oil and gas conservation for the its expenses~~

1 of the board.

2 (b) Before the department adopts a rule pursuant to subsection (15)(a), it shall present the
3 proposed rule to the appropriate administrative rule review committee.

4 (16) The distribution to taxing units under this section is statutorily appropriated as provided in
5 17-7-502."

6

7 **Section 29.** Section 19-18-503, MCA, is amended to read:

8 **"19-18-503. Special tax levy for fund required.** (1) The purpose of this section is to provide a
9 means by which each disability and pension fund may be maintained at a level equal to at least ~~4%~~ 0.21%
10 but no more than ~~10%~~ 0.52% of the ~~taxable valuation~~ total assessed value of all taxable property,
11 determined as provided in 15-8-111, within the limits of the city or town.

12 (2) Whenever the fund contains less than ~~4%~~ 0.21% of the ~~taxable valuation~~ total assessed value
13 of all taxable property within the limits of the city or town, the governing body of the city or town shall,
14 at the time of the levy of the annual tax, levy a special tax as provided in 19-18-504. The special tax must
15 be collected as other taxes are collected and, when collected, must be paid into the disability and pension
16 fund.

17 (3) If a special tax for the disability and pension fund is levied by a third-class city or town using
18 the all-purpose mill levy, the special tax levy must be made in addition to the all-purpose levy."

19

20 **Section 30.** Section 19-18-504, MCA, is amended to read:

21 **"19-18-504. Amount of special tax levy.** Whenever the fund contains an amount that is less than
22 ~~4%~~ 0.21% of the ~~taxable valuation~~ total assessed value of all taxable property, determined as provided
23 in 15-8-111, ~~in~~ within the city or town, the city or town council shall, subject to 15-10-420, levy an
24 annual special tax of not less than 1 mill and not more than 4 mills on each dollar of taxable valuation of
25 all taxable property within the city or town. When the fund contains an amount that is less than ~~10%~~
26 0.52% but more than ~~4%~~ 0.21% of the ~~taxable valuation~~ total assessed value of all taxable property ~~in~~
27 within the city or town, the city or town council may, if authorized by the voters, levy an annual special
28 tax of not less than 1 mill and not more than 4 mills on each dollar of taxable valuation."

29

30 **Section 31.** Section 39-71-403, MCA, is amended to read:

1 **"39-71-403. Plan three exclusive for state agencies -- election of plan by public corporations --**
2 **financing of self-insurance fund -- exemption for university system -- definition.** (1) Except as provided in
3 subsection (5), if a state agency is the employer, the terms, conditions, and provisions of compensation
4 plan No. 3, state fund, are exclusive, compulsory, and obligatory upon both employer and employee. Any
5 sums necessary to be paid under the provisions of this chapter by a state agency are considered to be
6 ordinary and necessary expenses of the agency. The agency shall make appropriation of and pay the sums
7 into the state fund at the time and in the manner provided for in this chapter, notwithstanding that the
8 state agency may have failed to anticipate the ordinary and necessary expense in a budget, estimate of
9 expenses, appropriations, ordinances, or otherwise.

10 (2) A public corporation, other than a state agency, may elect coverage under compensation plan
11 No. 1, plan No. 2, or plan No. 3, separately or jointly with any other public corporation, other than a state
12 agency. A public corporation electing compensation plan No. 1 may purchase reinsurance or issue bonds
13 or notes pursuant to subsection (3)(b). A public corporation electing compensation plan No. 1 is subject
14 to the same provisions as a private employer electing compensation plan No. 1.

15 (3) (a) A public corporation, other than a state agency, that elects plan No. 1 may establish a fund
16 sufficient to pay the compensation and benefits provided for in ~~this chapter and~~ chapter 72 and this
17 chapter and to discharge all liabilities that are reasonably incurred during the fiscal year for which the
18 election is effective. Proceeds from the fund must be used only to pay claims covered by ~~this chapter and~~
19 chapter 72 and this chapter and for actual and necessary expenses required for the efficient administration
20 of the fund, including debt service on any bonds and notes issued pursuant to subsection (3)(b).

21 (b) (i) A public corporation, other than a state agency, separately or jointly with another public
22 corporation, other than a state agency, may issue and sell its bonds and notes for the purpose of
23 establishing, in whole or in part, the self-insurance workers' compensation fund provided for in subsection
24 (3)(a) and to pay the costs associated with the sale and issuance of the bonds. Bonds and notes may be
25 issued in an amount not exceeding ~~3%~~ 0.18% of the ~~taxable valuation~~ total assessed value of taxable
26 property, determined as provided in 15-8-111, of the public corporation as of the date of issue. The bonds
27 and notes must be authorized by resolution of the governing body of the public corporation and are payable
28 from an annual property tax levied in the amount necessary to pay principal and interest on the bonds or
29 notes. This authority to levy an annual property tax exists despite any provision of law or maximum levy
30 limitation to the contrary. The revenue derived from the sale of the bonds and notes may not be used for

1 any other purpose.

2 (ii) The bonds and notes:

3 (A) may be sold at public or private sale;

4 (B) do not constitute debt within the meaning of any statutory debt limitation; and

5 (C) may contain other terms and provisions ~~as~~ that the governing body determines.

6 (iii) Two or more public corporations, other than state agencies, may agree to exercise their
7 respective borrowing powers jointly under this subsection (3)(b) or may authorize a joint board to exercise
8 the powers on their behalf.

9 (iv) The fund established from the proceeds of bonds and notes issued and sold under this
10 subsection (3)(b) may, if sufficient, be used in lieu of a surety bond, reinsurance, specific and aggregate
11 excess insurance, or any other form of additional security necessary to demonstrate the public
12 corporation's ability to discharge all liabilities as provided in subsection (3)(a). Subject to the ~~3% of taxable~~
13 ~~valuation~~ total assessed value limitation in subsection (3)(b)(i), a public corporation may issue bonds and
14 notes to establish a fund sufficient to discharge liabilities for periods greater than 1 year.

15 (4) All money in the fund established under subsection (3)(a) not needed to meet immediate
16 expenditures must be invested by the governing body of the public corporation or the joint board created
17 by two or more public corporations as provided in subsection (3)(b)(iii), and all proceeds of the investment
18 must be credited to the fund.

19 (5) The provisions of subsection (1) do not apply to the Montana university system.

20 (6) As used in subsections (2) through (4), "public corporation" includes the Montana university
21 system."

22

23 **Section 32.** Section 85-9-406, MCA, is amended to read:

24 **"85-9-406. Directors' powers over finance.** On behalf of the district, the directors may:

25 (1) borrow money and incur indebtedness and issue bonds to finance works as provided by this
26 chapter;

27 (2) in addition to all voted indebtedness, borrow money as necessary, but the amount ~~shall~~ may
28 not at any one time exceed ~~5%~~ 0.23% of the ~~taxable valuation~~ total assessed value of taxable real
29 property, determined as provided in 15-8-111, in within the district, as ascertained by the last assessment
30 for state and county taxes prior to the issuance of the bonds;

1 (3) mortgage property owned by the district if the terms of the mortgage are not inconsistent with
2 the provisions of a resolution authorizing the sale of bonds;
3 (4) use any surplus funds to purchase outstanding bonds;
4 (5) refund bonded indebtedness incurred by the district as provided by this chapter;
5 (6) after a hearing held in accordance with 85-9-602, make assessments sufficient to meet the
6 budgetary requirements for the coming year."

7
8 **NEW SECTION. Section 33. Saving clause.** [This act] does not affect rights and duties that
9 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
10 act].

11
12 **NEW SECTION. Section 34. Effective date.** [This act] is effective July 1, 2001.

13
14 **NEW SECTION. Section 35. Applicability.** (1) [This act] applies to the authorization and issuance
15 of bonds occurring on or after July 1, 2001.

16 (2) Debt limits established under [this act] do not apply to bonds authorized before July 1, 2001,
17 regardless of when the bonds are issued.

18 - END -